

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PURCHASED GAS	)	CASE NO.
ADJUSTMENT FILING OF PEOPLES GAS KY,	)	2021-00450
LLC	)	

ORDER

On March 31, 2021, the transfer of ownership of Peoples Gas KY, LLC (Peoples) to Delta Natural Gas Company, Inc. (Delta) was consummated following the closing of Case No. 2020-00346.<sup>1</sup> Delta and Peoples currently maintain separate Gas Cost Recovery (GCR) rate reports applicable to their service territories. On December 20, 2021, Delta filed the proposed GCR rate report for former Peoples ratepayers to be effective February 1, 2022. Peoples' previous GCR rate was approved in Case No. 2021-00367.<sup>2</sup>

The Commission's standard of review for GCR rates is well settled as stated in KRS 278.274(1):

In determining whether proposed natural gas utility rates are just and reasonable, the Commission shall review the utility's gas purchasing practices. The Commission may disallow any costs or rates which are deemed to result from imprudent purchasing practices on the part of the utility.

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<sup>1</sup> Case No. 2020-00346, *Electronic Application of Essential Utilities, Inc., PNG Companies LLC, Peoples Gas KY LLC, And Delta Natural Gas Company, Inc. For (1) A Declaratory Order and (2) Increase in Rates for Peoples Gas KY LLC* (Ky. PSC Feb. 22, 2021).

<sup>2</sup> Case No. 2021-00367, *Electronic Purchased Gas Adjustment Filing of Peoples Gas KY, LLC* (Ky. PSC Oct. 27, 2021).

Further, the utility has the burden to prove the rates are reasonable, and the Commission may reduce the purchased gas component of the utility's rates or the rates charged by an affiliated company to the extent the amount is deemed to be unjust or unreasonable.<sup>3</sup>

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Peoples' GCR report includes a revised rate designed to pass on to its customers its expected change in gas costs.
2. Peoples' GCR report sets out an Expected Gas Cost (EGC) of \$5.3800 per Mcf, which is a decrease of \$1.6473 per Mcf from its previous EGC of \$7.0273 per Mcf.
3. Peoples' GCR report sets out no Refund Adjustment.
4. Peoples' GCR report sets out a current quarter Actual Cost Adjustment (ACA) of \$0.0161 per Mcf. Peoples' total ACA is \$0.1649 per Mcf, which increases \$0.0404 per Mcf from the previous entire ACA of \$0.1245 per Mcf.
5. Peoples' GCR report sets out a current quarter Balance Adjustment (BA) of \$0.0003 per Mcf. Peoples' total BA is (\$0.0329) per Mcf, which decreases \$0.0050 per Mcf from the previous complete BA of (\$0.0279) per Mcf.
6. Peoples' GCR rate is \$5.5120 per Mcf, which decreases \$1.6119 per Mcf from its previous rate of \$7.1239 per Mcf.
7. Should People purchase sustainable natural gas from a renewable source during the reporting period of any future GCR reports then the supplier, cost, and amount must be documented in its cover letter to the Commission.

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<sup>3</sup> KRS 278.274(2); KRS 278.274(3)(c), and KRS 278.274(3)(d).

8. The rate outlined in the Appendix to this Order is fair, just and reasonable and should be approved for final meter readings by Peoples on and after February 1, 2022.

IT IS THEREFORE ORDERED that:

1. The rate outlined in the Appendix to this Order is approved for final meter readings on and after February 1, 2022.

2. Within 20 days of the date of entry of this Order, Peoples shall file with this Commission, using the Commission's electronic Tariff Filing System, revised tariff sheets setting out the rate approved herein and reflecting that it was approved pursuant to this Order.

3. This case is closed and removed from the Commission's docket.

By the Commission

ENTERED  
JAN 28 2022 rCS  
KENTUCKY PUBLIC  
SERVICE COMMISSION

ATTEST:

  

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Executive Director

Case No. 2021-00450

## APPENDIX

### APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2021-00450 DATED JAN 28 2022

The following rates and charges are prescribed for the customers in the area served by Peoples Gas KY, LLC. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under the authority of the Commission before the effective date of this Order.

#### Gas Cost Recovery rate

The Gas Cost Recovery rate shall be \$5.5120 per Mcf for service rendered on and after February 1, 2022.

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